

Message Text

CONFIDENTIAL

PAGE 01 STATE 073548
ORIGIN EA-12

INFO OCT-01 ISO-00 ONY-00 /013 R

DRAFTED BY EA/EP:STAFF:STMCP
APPROVED BY EA/EP:AGEBER
DESIRED DISTRIBUTION
EA ONLY

-----081341 221432Z /40

R 220326Z MAR 78
FM SECSTATE WASHDC
TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

C O N F I D E N T I A L STATE 073548

NO DISTRIBUTION OUTSIDE EA; PASS USADB FOR AMBASSADOR ONLY

E.O. 11652: GDS

TAGS: EGEN, ECON, XC, XE, XP

SUBJECT: OFFICE OF ECONOMIC POLICY WEEKLY STATUS REPORT
MARCH 21, 1978

1. GENERAL HARMONY AT ESCAP MEETING (LIMITED OFFICIAL USE)

AT THE MARCH 7-17 ESCAP MEETING IN BANGKOK, THE TONE WAS
LARGELY CONSTRUCTIVE DESPITE THE ANNUAL CHINESE-SOVIET
CONFRONTATION. THE US STATEMENT WAS WELL RECEIVED, MAKING
A FAVORABLE IMPACT ON THE MEETING'S ATMOSPHERE. IN
CONSIDERING THE NEXT INTERNATIONAL DEVELOPMENT STRATEGY,
ESCAP ADOPTED A NOTEWORTHY RESOLUTION WHICH GENERALLY
SUPPORTED US AIMS. IT ASKED FOR AN ACCOUNTING OF THE
REGION'S NEED FOR ECONOMIC GROWTH WITH SOCIAL JUSTICE AND
CALLED FOR ELIMINATION OF POVERTY BY PROVIDING BASIC NEEDS,
EQU;TABLE INCOME DISTRIBUTION, AND POPULAR PARTICIPATION IN
THE DEVELOPMENT PROCESS. ESCAP ALSO URGED CONTINUED PRO-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 073548

GRAM DEVELOPMENT FOR THE PACIFIC AREA. DEVELOPING COUNTRY
STATEMENTS REFLECTED DISAPPOINTMENT OVER THE SLOW PROGRESS
OF THE NORTH/SOUTH DIALOGUE REFERRING PARTICULARLY TO THE
SUSPENDED COMMON FUND NEGOTIATIONS AND RISING PROTECTIONISM.

2. POSSIBLE RESUMPTION OF COMMON FUND NEGOTIATION (LIMITED OFFICIAL USE)

UNCTAD SEC GEN COREA IS PLANNING TO RESUME THE NEGOTIATING CONFERENCE IN JUNE BUT NEVERTHELESS CONCEDED THAT CONDITIONS WERE NOT YET RIPE FOR AN AGREEMENT. AFTER CONDUCTING INTENSIVE CONSULTATIONS, COREA NOTES DIFFERENCES EXIST ON THE COMMON FUND CHARACTER AND NATURE; HE BELIEVES A POSITIVE ATTITUDE EXISTS TOWARDS ITS ESTABLISHMENT. COREA PLANS TO STEP UP EFFORTS TO REACH AGREEMENT AND TO BEGIN TECHNICAL PREPARATIONS. UNDERSECRETARY COOPER DISCUSSED US VIEWS ON THE CF IN BILATERAL DISCUSSIONS, INCLUDING INDONESIA AND JAPAN, ON THE PERIPHERY OF THE UNCTAD TDB MINISTERIAL. THESE BILATERALS REPORTEDLY DID NOT SUBSTANTIALLY ADVANCE A POSSIBLE AGREEMENT.

3. ADB MANAGEMENT PROPOSALS FOR SOFT-LOAN REPLENISHMENT
(LIMITED OFFICAL USE)

THE BANK HAS PROPOSED RESOLVING DIFFERENCES OVER THE AMOUNT OF THE ADF REPLENISHMENT BY HAVING ALL DONORS MAINTAIN THE SAME SHARES AS PROVIDED UNDER THE LAST REPLENISHMENT AND BY ADOPTING TWO TARGET AMOUNTS. MOST DONORS SUPPORT THE PROPOSED 2.15 BILLION DOLLARS TARGET, BUT THOSE, WHICH DO NOT, WOULD PLEDGE TO ACHIEVE A "CURRENTLY ATTAINABLE" AMOUNT. THE US CONTRIBUTION WOULD DETERMINE THIS LEVEL. AFTER THE SECOND CONTRIBUTION YEAR, DONORS WOULD REVIEW ADF RESOURCES TO SEE HOW ANY SHORTFALL FROM THE TARGET WOULD BE MADE UP. THE US ED EXPRESSED
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 073548

CONCERN THAT CONGRESS MIGHT CONSIDER THIS AS A PLOY TO OBTAIN ADDITIONAL FUNDS LATER. WASHINGTON AGENCIES SHARE THIS CONCERN. OUR ED BELIEVES THAT SHOULD THE US AGREE TO A LEVEL CLOSE TO 2 BILLION DOLLARS, THE PROPOSED DUAL SCHEME WILL LIKELY BE DROPPED.

4. PRC DISCUSSION ON THE HUMPHREY BILL (CONFIDENTIAL)

AT THE FEBRUARY 25 POLICY REVIEW COMMITTEE MEETING, IT WAS AGREED THAT CONGRESS FAVORS A BETTER COORDINATION OF DIFFERENT FOREIGN ASSISTANCE PROGRAMS. THE DEGREE OF CONGRESSIONAL SUPPORT FOR THE HUMPHREY BILL IS UNCERTAIN, HOWEVER, BUT ADMINISTRATION OPPOSITION TO IT COULD IMPEDE CONGRESSIONAL ACTION ON AID LEGISLATION THIS YEAR. THE BILL COULD SERVE AS A BASIS FOR LEGISLATIVE REVISION, ESPECIALLY THE FOLLOWING PROVISIONS: (1) CREATION OF AN INTERNATIONAL DEVELOPMENT COOPERATION ADMINISTRATION (IDCA) AND A SEMI-AUTONOMOUS INTERNATIONAL DEVELOPMENT INSTITUTE; (2) REMOVAL OF LEGISLATIVE RESTRICTIONS ON FOREIGN ASSISTANCE; AND (3) INCLUSION OF OPIC. THE PRC, HOWEVER, RECOMMENDED AGAINST SHIFTING IFI RESPONSIBILITY FROM TREASURY TO THE IDCA, BUT AID AND ACTION HAVE

SUBMITTED RESERVATIONS. AID ALSO PROPOSED DRAWING

PERSONNEL FOR ICDA FROM VARIOUS SOURCES, INCLUDING AID,
AFTER RIGOROUS SCREENING.

5. TIN (CONFIDENTIAL)

WE MET WITH EB AND ARA TO DISCUSS HOW THE US WOULD DISPOSE
OF THE 45,000 TONS OF TIN CONTEMPLATED IN THE UDALL-
DECONCINI BILL. THERE WAS GENERAL AGREEMENT THAT WE NEED
TO PROVIDE GSA WITH GUIDANCE ON DISPOSAL AND THAT
PROBABLY THE LEAST DISRUPTIVE METHOD OF DISPOSAL WOULD
BE TO ANNOUNCE THAT WE INTEND TO SELL A CERTAIN AMOUNT
EACH MONTH (EB WAS THINKING IN TERMS OF 1,500 LT A MONTH).
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 073548

THE AMOUNT SOLD WOULD OF COURSE BE ADJUSTED SHOULD IT
PROVE DISRUPTIVE. WE ALSO AGREED THAT CLOSE CONSULTATION
WITH THE TIN PRODUCERS WAS NECESSARY.

6. LAW OF THE SEA (CONFIDENTIAL)

WHILE WE INTEND TO PARTICIPATE FULLY IN THE SEVENTH
SESSION OF THE LAW OF THE SEA WE ARE NOT SANGUINE THAT
A TREATY WHICH SATISFIES OUR MINIMUM SEABED MINING
INTERESTS CAN BE NEGOTIATED. IF A COMPREHENSIVE TREATY
IS NOT POSSIBLE WE ARE CONSIDERING THE USEFULNESS OF A
LIMITED SEABED MINING TREATY.

7. OECD AD HOC GROUP ON FUTURE INDUSTRIAL STRUCTURES
(UNCLASSIFIED)

THE AD HOC GROUP AGREED THAT THE FIRST PHASE OF WORK WAS
CONSTRUCTIVE AND SUPPORTED A NEW TWO-YEAR MANDATE WHICH,
INTER-ALIA, WOULD LEAD TO IN-DEPTH DISCUSSIONS OF
INDUSTRIAL POLICY ISSUES. THE GROUP ALSO NOTED THAT
WORK ON FUTURE INDUSTRIAL STRUCTURES IS INCREASINGLY BEING
SEEN AS A MICRO-ECONOMIC COUNTERPOINT TO OTHER ECONOMIC
ANALYSES DONE ELSEWHERE IN THE ORGANIZATION. VANCE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 mar 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE073548
Document Source: CORE
Document Unique ID: 00
Drafter: STAFF:STMCP
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780126-0384
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780336/aaaabemy.tel
Line Count: 159
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4f581fbf-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 13 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3236547
Secure: OPEN
Status: NATIVE
Subject: OFFICE OF ECONOMIC POLICY WEEKLY STATUS REPORT MARCH 21, 1978
TAGS: EGEN, ECON, XC, XE, XP, US
To: EA POSTS
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4f581fbf-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014